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Bard, William

A letter, to
David E. Evans, esquire...

New York

1842

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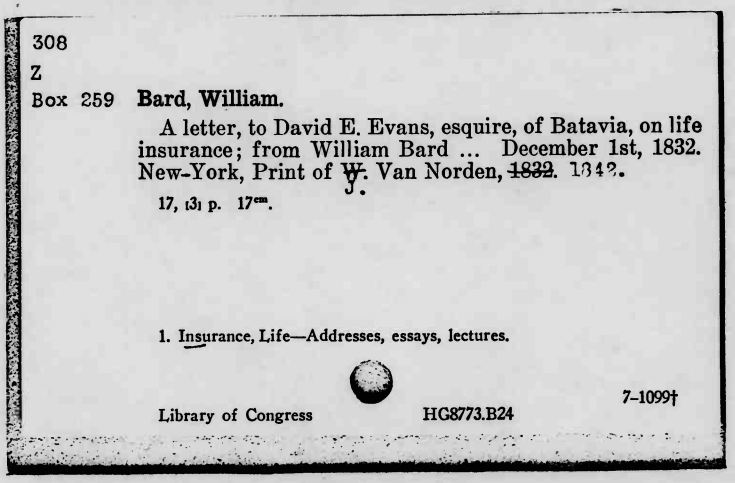

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Box 259 **Bard, William.**

A letter, to David E. Evans, esquire, of Batavia, on life insurance; from William Bard ... December 1st, 1832. New-York, Print of ~~W.~~ J. Van Norden, ~~1832.~~ 1842.

17, 131 p. 17cm.

1. Insurance, Life—Addresses, essays, lectures.

Library of Congress HG8773.B24 7-1099†

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A LETTER,

TO

DAVID E. EVANS, ESQUIRE,

OF BATAVIA,

ON LIFE INSURANCE;

FROM

WILLIAM BARD,

PRESIDENT OF THE NEW-YORK LIFE INSURANCE AND TRUST COMPANY,

DECEMBER 1st, 1832.

NEW-YORK:

J. VAN NORDEN & CO., PRINTERS,
27 PINE-STREET.

1842.

LETTER.

December 1*st*, 1832.

To David E. Evans, Esq., Batavia:

Dear Sir,—I was lately shown a letter from you to a mutual friend in Albany, in which an opinion is expressed, that the business of Life Insurance will not meet much encouragement in your part of the country. I have often heard a similar one expressed in regard to other portions of the state. The growing business of this office shows that such an opinion is not well founded, when applied to the city of New-York. In June last the office had sixty-five running policies, and on the first of December one hundred and fifty. It was natural its extension should commence where the office was situated, and where explanation and information could be more readily communicated to those interested in securing their families against the vicissitudes to which all, and particularly men of business, are liable; but, I have no doubt, when the various means of security and convenience an insurance affords in the business of life, are well understood, and this knowledge is widely spread, that the practice will extend through

the country, and become equally, if not more generally, in use, than insurance against fire, or against risks at sea. Such has been the progress of Life Insurance in Great Britain, where the first office established began with four insured on their books, and at the end of eight years counted only four hundred and ninety. There are now in England over forty offices, and more than two hundred thousand lives insured. Life Insurance must have something in it peculiarly fitted to the circumstances of mankind, to have led to so great an increase. Will you permit me to occupy your attention for a short time, while I explain some of its operations; and then to ask whether it is not worthy the attention of our fellow citizens, and not likely to command it when use had made it familiar.

The nature of a Life Insurance is not always understood. It is a contract between a company and an individual, that in consideration of a sum paid down, or of a less sum paid annually by the individual to the company, his heirs or assigns shall receive from the company a larger sum when he dies. An insurance against fire is a contract, that the individual whose house is insured shall receive payment for it, if it is destroyed by fire. A marine insurance is a contract that the individual whose vessel is insured shall receive a certain sum if his vessel is lost at sea. In neither case is there, as there has been supposed by some to be in Life Insurance, an impious attempt to prevent the will of Providence, but a wise and prudent endeavour to render such events as are beyond our control

less calamitous than without such caution they would be. The amount to be paid by the company, and the amount to be received by the heirs or assigns, is settled by calculation, and is determined by observations made on the duration of life at different ages, and the interest allowed for money.

An insurance may be made for one year, for several years, or for the whole life. In the former cases, the money is paid by the company, if the individual insured die within the period for which he is insured. In the latter case the money is to be paid whenever the insured dies. It may be made on one life, on two, or on more lives; to commence immediately or at a future day.

It would require much time to state all the cases in which Life Insurance may be employed for the benefit of families and individuals, and to facilitate and make secure operations otherwise hazardous. The most general use made of a Life Insurance is, by persons living on income, to secure a family, by its means, a comfortable support after the death of its head or parent. This is accomplished by the payment annually to an insurance office, of such portion of the individual's income as can be spared, and for which payment the office contracts to pay, after the death of the insured, to his heirs or assigns, a fixed sum, the amount depending on the annual premium paid by the insured. We will suppose a married man, thirty years of age, clearing by his occupation one thousand dollars a year; that the support of his family costs him eight hundred

and eighty-two dollars, and that he has one hundred and eighteen dollars a year to spare. It would take an individual a long time, by laying up this sum, to accumulate a moderate support for his family after his death, and should he die early, he must leave them in want; if he pays one hundred and eighteen dollars a year to the office for an insurance, he secures five thousand dollars for them when he dies, should his death happen the next day. A small sum, a few hundred dollars, to be received immediately on the death of a parent, would frequently be a great assistance to a family. The smallest sum may be secured by an insurance, and at a trifling outlay. If the parent is thirty years of age, four dollars and seventy-two cents a year will secure two hundred dollars, and eleven dollars and eighty cents will secure five hundred dollars.

To secure a family against want, on the death of the parent is the most general use made of a Life Insurance; but the cases in which it may be advantageously employed are as numerous, as the circumstances in the lives of individuals are various.

If an individual has a debt hanging over him, and fears, should he die, his family may be injured by the forced payment of it, he can provide against such a calamity by insuring his life for an equal amount. Suppose the debt two thousand dollars, and the party forty years of age, sixty-four dollars per annum provides for the debt when he dies.

A young merchant, commencing business, may, by an insurance, add to his credit among those with whom

he deals, and would add to it, were it understood that in case of his death there were means provided for quickly settling his debts. Suppose an upright and industrious young man, twenty-five years old, commencing business and obtaining a credit of five thousand dollars, one hundred and two dollars per annum will insure this, payable on his death, and thus secure a sum sufficient to satisfy all his creditors.

In our enterprising country, where capital is wanting, and where credit and bank accommodations are among the means made use of to supply the want, where purchases of land, as well as of merchandise, are frequently founded on bank assistance, how anxious must those feel, who, dependant on endorsers, see their estates and the independence of their families, and the safety of their friends, all at hazard, should death suddenly overtake them, and should their involved affairs be left to the management of executors. Under such circumstances, a Life Insurance to the amount of their discounted paper relieves them from uncertainty, and affords the means of immediately relieving endorsers from loss, their estates from the danger of being sacrificed, and their families from ruin.

A creditor, anxious about the safety of his debt, in case his debtor should die, may relieve himself from anxiety by insuring his debtor's life, by which means he will receive from the office, in case the event happen, the amount of his debt. Suppose A is indebted to B five thousand dollars, payable in seven years, and that A is thirty-four years old, seventy-five dollars a

year will secure the debt, should A die within that period.

An individual wishes to go into business. He has friends, who, having confidence in his skill, industry, and integrity, are willing to advance him money, but knowing the uncertainty of life, fear, if he should die, they would lose their money; if they insure his life to the amount advanced, this risk vanishes; if he die before they are repaid, the office insuring pays the amount.

An individual is desirous of entering upon a hazardour enterprise; he sees in it a fair prospect of improving his circumstances, but it requires his personal skill and attention; he fears, should he die, his family will not be able successfully to conclude it. By a Life Insurance he puts himself at ease; a small part of his annual gains enables him to pay a Life Insurance, which secures his family a support should he die, and his enterprise fail in consequence of his death.

A farmer has a farm on life lease, depending on his own life or on the lives of other persons; should he or they die the support of his family will be gone. A small part of his gains applied to insuring his own life, or the lives on which the estate depends, will secure the means of buying another farm, or paying for another lease. A purchases a farm for fifteen hundred dollars, depending on the life of B, aged fifty, sixty-nine dollars a year will secure to the purchaser fifteen hundred dollars, on the death of B, whenever it may happen.

A farmer possessed of a life lease farm, depending on

his own life, or on the lives of others, wishes to borrow money on the farm. By insuring at the office the party, on whose life the lease depends, for the amount he wishes to borrow, the office will lend him the money.

An individual has a wife, an aged parent, an infant child, an infirm friend, an old domestic, depending on him for support; a trifling sum paid annually for the insurance of his own life, will secure such parent, wife, child, friend, or domestic, from want, after the death of the insured.

A public spirited, or a charitable individual wishes to aid, by a legacy, a school, a college, a literary society, a church, or a charitable institution, his present means do not enable him to do so, to the extent of his wishes; they may be accomplished by an annual sum, paid for an insurance to the amount he wishes to leave to the favoured object. Suppose such a person is sixty years of age, and wishes to leave, at his death, five hundred dollars to a church, a charity, or a mission; by insuring his life and paying thirty-five dollars a year, he can do so. How many worthy, pious, but poor clergymen, might be relieved from anxious care, relative to their families, would their congregations unite and raise a small sum for the insurance of their lives. Suppose the clergyman fifty years old, ninety-two dollars a year would secure to his widow two thousand dollars whenever he died.

A party expects to receive a property, provided he arrives at a certain age; it is lost to his family if he die before he arrives at that age; an insurance for the term

secures them against the consequences of his early death. A, aged nineteen, expects to receive a property valued at five thousand dollars, if he arrive at the age of twenty-one; his mother or sister will be without support, should he die before the end of the period; forty-five dollars a year will make them secure of receiving it.

These, sir, are a few of the innumerable instances in which Life Insurance may be made useful. It enables gentlemen in the army, the navy, the church, the law, or in office, medical, and other professional men, annuitants, tenants for life, tradesmen, and all other persons whose income depends upon their lives, to make provision for a wife, children, or relations. It enables persons to raise money on loan, where real security cannot be offered; to provide for the renewal of leases held upon lives; to secure the eventual payment of doubtful debts due to individuals or bodies of creditors. It enables proprietors of landed estates, and other persons whose property is charged with mortgages, or with portions for children, or other incumbrances, payable on events connected with the termination of their own, or of other lives, to answer the charges when they fall due. Parents may by this means secure the return of money paid for education, apprenticeship, capital embarked in business, or other advances made for children, in the event of their premature death. It provides means to reimburse the sum expended in the purchase of any life estate, on the death of the person, during whose life it is held; to render contingent property

nearly equal, in point of security, with absolute property; and generally, it affords a certain indemnity against any pecuniary loss, claim, or inconvenience whatsoever, to which one individual may become subject, by reason of the death of another. Enough has been said to show the purposes to which Life Insurance may be applied, and enough, I think, to show, that there are in this country, as there are in every civilized country, materials sufficient to found a business as extensive as Fire or Marine Insurance; I should say, more extensive: for a Life Insurance may be made for one hundred dollars or for many thousands; it concerns the poor as well as the rich, the mechanic, the farmer, the man living on income, or the landholder, the professional man or the merchant—in short, all classes of men whatever.

An insurance for one or more years terminates with the period for which the insurance is made; but an insurance for the whole life is of a different character, and to one so insured, an insurance office becomes a savings bank with a peculiar advantage, in which the smallest annual savings may safely be deposited for the benefit of a family. An individual looking forward to accumulate something from his earnings for the support of his family after his death, feels discouraged when he thinks how many years he must live before a small sum, put out annually at interest, will amount to a moderate support for his family. Where could forty-seven dollars and eighty cents be put out, with security and with punctuality, annually, at compound interest

during a long life; and if it could be put out, what security is there, that early death may not frustrate the object intended; no where, except in a Life Insurance, where, supposing the party thirty years of age, the small sum of two dollars and thirty-six cents, paid annually, will secure to the individual's family one hundred dollars, on his death; or twenty-three dollars and sixty-six cents will secure them one thousand dollars; or forty-seven dollars twenty cents will secure them two thousand dollars. In such cases, therefore, the office becomes a savings bank. The peculiar advantage alluded to is, that in a common savings bank, the party depositing his money must live many years, supposing the interest of money five per cent., which is a very great interest to give for a long period; he must live nearly twenty four years, before two dollars and thirty-six cents per annnm will amount to one hundred dollars, or twenty-three dollars and sixty cents to one thousand dollars, or forty-seven dollars and twenty cents to two thousand dollars; but by applying the same sums to an insurance he is secure, that die when he may, even the day after the insurance is made, his object is attained, his family receive immediately the money his prudence intended for them; he lives secure, that while his industry is providing for the support of those he loves, his small surplus gains are effectually guarding them against poverty in the hour of distress.

There is one most valuable and important class of our fellow citizens, with whom my situation brings me in daily contact, and with whom you have been all

your life intimately acquainted, to whom Life Insurance appears to me so peculiarly applicable and advantageous, that I must beg leave, notwithstanding I have already occupied too much of your time, to notice them. It is the practice of our countrymen, arising from our prosperity and the facility with which a family is supported, to marry early. The children of our farmers, when married, pass a few years in accumulating, by their daily labour, a few hundred dollars, and then leave their homes, buy and settle on a farm. Let us suppose a young man and his wife, with two or three children, looking out for a farm. At twenty dollars an acre he soon buys a good one. He pays down one thousand or twelve hundred dollars, and knows that to this office he can always apply for, and with certainty obtain the balance, on terms the most easy and convenient; if he is industrious, and lives, ten or fifteen years sees him out of debt and his farm clear, but if he die early, and who is secure against such an event? he leaves a young and rising family, the farm wants its owner, the interest never sleeps, and the property may be sacrificed. An insurance, costing, if the insured is thirty years of age, and the debt one thousand dollars, twenty-three dollars and sixty cents a year, guards against these fatal consequences; if the young farmer die, the office pays his debt, or rather, it is paid; his farm is free, and descends unincumbered to his family, affording them a home and a comfortable support. Surely such an institution deserves the countenance, the support, and the consideration of all prudent and reflecting men, and is

doubly recommended, when it is considered how very small a sacrifice of some personal comfort or gratification will secure, by its means, the independence and happiness of a poor man's family. In this view of the subject, an unnecessary journey, an idle amusement, a few wasted days in each year, is a sacrifice of the education and clothing and food of objects the nearest and dearest to us all, should it please our Maker to take us from them. The tobacco chewer will readily consume his two cents a day, which will secure to his family, in case of his death, and if he is twenty-five, three hundred and fifty-eight dollars. What shall we say to the tippler of twenty-five, who, if he drinks one shilling a day, sacrifices two thousand two hundred and forty dollars; a sum sufficient to make a poor family rich, at a moment when independence at least, is so important to them.

Nor should I forget to mention, if an individual insures for life, and after a lapse of years finds an insurance no longer necessary, or the payment of the premium convenient, that he does not lose the whole of what he has paid. The office fairly calculates what is the value of the risk it has run, and pays back to the insured all he has paid over this sum, and which went to make up the consideration for the risk to be run in future. After a number of years the policy becomes of value to the insured; it is a part of his property; if he thinks proper to use it during his life, he receives back from the office no inconsiderable part of what has been paid, for the comfort of feeling secure and at ease during the previous years.

Besides insuring lives, this office grants annuities. Excepting for some purpose of family convenience, few persons in early life will be inclined to purchase an annuity; the annuity before forty or fifty years of age not exceeding the legal interest of the money paid for it. This surprises many, as the capital invested is lost to the annuitant, but arises from this: that a reasonable compensation to the office, and the security of all parties require, that the annuity should be calculated at a much lower rate than legal interest. At sixty years of age, money applied to the purchase of an annuity at this office will produce $9\frac{3\,5}{1\,0\,0}$ per cent. At seventy years of age, $12\frac{6\,0}{1\,0\,0}$ per cent. At seventy-four years of age, $13\frac{3\,3}{1\,0\,0}$ per cent.

By purchasing an annuity, a person advanced in life may augment his annual income, or increase the income of some relative at a future period, or secure an allowance made to some dependant, or exonerate his estate from dower, or the incumbrance of a life charge.

The following modes occur for effecting these purposes:

1. The grant of an annuity on the life of one person to commence immediately.

2. On the lives of two persons to commence immediately, and to continue either wholly or in part during the life of the survivor, or to cease on the death of either.

3. On the lives of infants, to commence at any period, either at the time of agreeing for the annuity, or at any future period; to continue for the remainder of

life, or for any certain number of years, in case the life shall so long exist.

4. On the lives of other persons, at any future periods.

And they may be obtained by the payment of a principal sum at the time the purchase is made, for such as are immediate, and for such as are prospective, either by that means or the payment of a sum annually.

This office also affords an easy mode to parents or friends of providing for children by endowment.

A parent wishing to provide for a son a sum of money to commence business with, when he arrives at twenty-one, or to provide a marriage portion for a daughter; for every hundred dollars he deposits with the company the child, being at the time of deposit one year old, will receive, if he or she arrives at the age of twenty-one, three hundred and six dollars and fifty-eight cents.

If a parent, having a daughter one year old, should wish to provide for her an annuity at that period of life, should she arrive at it, when age will probably require indulgence, and when an increasing family may make it doubly acceptable, say, when she arrives at forty years of age, he can do so, and place it beyond the control of a husband, by a deposit with the company. Let the annuity required be three hundred dollars a year, a deposit of five hundred and eighty-seven dollars and fifty-five cents will secure the payment of that annuity from the company during her life, after she arrives at forty years of age.

I have troubled you, Dear Sir, with a long letter, but the remark mentioned in the beginning induced me to think you had not reflected on the importance and advantages of Life Insurance; and that you are among the thousand intelligent men, who, from other occupations and from the novelty of the practice in this state, have not given it the attention it deserves.

Persuaded that the general habit of Life Insurance would contribute to the economy, virtue and happiness of our citizens, and anxious that this institution, affording to the Court of Chancery, and to the widow and orphan, and to the wealthy, a place of safe and convenient deposit for their funds, and its assistance liberally in promoting the agriculture, the improvement, and the best interests of the state, should also supply the means of rendering the enterprise of its citizens secure, and free from hazard; I am glad to take every opportunity to extend the knowledge of the benefits to be derived from Life Insurance, and shall be pleased if what I have said should lead you to a farther consideration of the subject, and to promoting the practice by your influence.

With sentiments of the highest respect and esteem,
I remain, sir,
Your ob'dt serv't,

WM. BARD.

A TABLE

Of the Rates of Insurance of One Hundred Dollars on a Single Life.

IN ANNUAL PAYMENTS.

Age.	1 year.	7 years.	For Life.	Age.	1 year.	7 years.	For Life
14	72	86	1 53	38	1 48	1 70	3 05
15	77	88	1 56	39	1 57	1 76	3 11
16	84	90	1 62	40	1 69	1 83	3 20
17	86	91	1 65	41	1 78	1 88	3 31
18	89	92	1 69	42	1 85	1 89	3 40
19	90	94	1 73	43	1 89	1 92	3 51
20	91	95	1 77	44	1 90	1 94	3 63
21	92	97	1 82	45	1 91	1 96	3 73
22	94	99	1 88	46	1 92	1 98	3 87
23	97	1 03	1 93	47	1 93	1 99	4 01
24	99	1 07	1 98	48	1 94	2 02	4 17
25	1 00	1 12	2 04	49	1 95	2 04	4 49
26	1 07	1 17	2 11	50	1 96	2 09	4 60
27	1 12	1 23	2 17	51	1 97	2 20	4 75
28	1 20	1 28	2 24	52	2 02	2 37	4 90
29	1 28	1 35	2 31	53	2 10	2 59	5 24
30	1 31	1 36	2 36	54	2 18	2 89	5 49
31	1 32	1 42	2 43	55	2 32	3 21	5 78
32	1 33	1 46	2 50	56	2 47	3 56	6 05
33	1 34	1 48	2 57	57	2 70	4 20	6 27
34	1 35	1 50	2 64	58	3 14	4 31	6 50
35	1 36	1 53	2 75	59	3 67	4 63	6 75
36	1 39	1 57	2 81	60	4 35	4 91	7 00
37	1 43	1 63	2 90				

ANNUITY TABLE,

Containing the Amount of Annuity which will be granted during the life of a party of either sex, and at every age, in consideration of $100.

Age.	Males.	Females	Age.	Males.	Females.	Age.	Males.	Females.
1	6 35	6 21	31	6 78	6 61	61	10 99	9 95
2	6 16	6 03	32	6 83	6 65	62	11 35	10 24
3	6 08	5 95	33	6 89	6 70	63	11 73	10 55
4	6 04	5 90	34	6 95	6 74	64	12 11	10 99
5	6 03	5 89	35	7 01	6 78	65	12 52	11 25
6	6 04	5 89	36	7 08	6 83	66	12 97	11 65
7	6 06	5 90	37	7 15	6 88	67	13 44	12 07
8	6 08	5 92	38	7 22	6 93	68	13 95	12 53
9	6 12	5 95	39	7 30	6 98	69	14 51	13 03
10	6 16	5 98	40	7 38	7 03	70	15 16	13 57
11	6 20	6 02	41	7 46	7 09	71	15 88	14 14
12	6 25	6 05	42	7 55	7 15	72	16 71	14 75
13	6 30	6 09	43	7 64	7 22	73	17 58	15 41
14	6 35	6 12	44	7 74	7 29	74	18 50	16 11
15	6 40	6 15	45	7 85	7 37	75	19 47	16 85
16	6 44	6 18	46	7 96	7 45	76	20 51	17 68
17	6 48	6 21	47	8 08	7 55	77	21 65	18 55
18	6 51	6 23	48	8 22	7 65	78	22 75	19 40
19	6 54	6 25	49	8 35	7 75	79	23 99	20 30
20	6 56	6 27	50	8 50	7 87	80	25 38	21 19
21	6 58	6 30	51	8 66	7 99	81	26 95	22 07
22	6 59	6 32	52	8 83	8 13	82	28 84	23 04
23	6 60	6 35	53	9 01	8 28	83	31 18	24 22
24	6 60	6 38	54	9 20	8 45	84	33 50	25 69
25	6 62	6 40	55	9 41	8 62	85	35 77	27 59
26	6 63	6 43	56	9 63	8 80	86	37 90	30 00
27	6 65	6 47	57	9 86	9 00	87	39 75	33 09
28	6 67	6 50	58	10 11	9 21	88	41 13	36 35
29	6 70	6 53	59	10 38	9 44	89	42 84	37 94
30	6 74	6 57	60	10 68	9 68	90	45 05	39 90

A TABLE OF ENDOWMENTS.

Ages.	Sum to be paid at 21, if alive.	Ages.	Sum to be paid at 21, if alive.	Ages.	Sum to be paid at 21, if alive.
Birth,	$376 84	5 yrs.	$210 53	13 yrs.	$144 12
3 months,	344 28	6 "	198 83	14 "	137 86
6 months,	331 46	7 "	188 83	15 "	131 83
9 months,	318 90	8 "	179 97	16 "	125 97
1 year,	306 58	9 "	171 91	17 "	120 31
2 "	271 03	10 "	164 46	18 "	114 89
3 "	243 69	11 "	157 43	19 "	109 70
4 "	225 42	12 "	150 64	20 "	104 74

This Table shows the sum which the company will pay to the party for whom an endowment is purchased, if he should attain the age of twenty-one, for one hundred dollars purchase money received by the company at the ages mentioned in the table.

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